

**01036**

**1989/05/10**

Market Access in China

RELEASED E45 ✓

Q: China is exporting a lot to the US but do US companies have fair access to China's market?

A: IN 1988, US EXPORTS TO CHINA INCREASED TO \$5 BILLION, UP 44 PERCENT OVER THE PREVIOUS YEAR. THE US STILL, HOWEVER, RAN A \$4.3 BILLION TRADE DEFICIT WITH CHINA, AND WE REMAIN CONCERNED ABOUT PRC TARIFF AND NON-TARIFF BARRIERS WHICH RESTRICT ACCESS TO THE CHINA MARKET. WE WOULD LIKE TO SEE US FIRMS HAVE GREATER COMMERCIAL OPERATING FREEDOM, ACCESS TO BINDING INTERNATIONAL ARBITRATION OF DISPUTES, BETTER LEGAL PROTECTION, ACCESS TO ALL TRADE REGULATIONS, AND MORE EFFECTIVE INTELLECTUAL PROPERTY RIGHTS PROTECTION.

WE ARE IN REGULAR CONTACT WITH THE CHINESE GOVERNMENT TO TRY TO RESOLVE THESE PROBLEMS. WE DISCUSS TRADE AND COMMERCIAL PROBLEMS REGULARLY AT THE JOINT COMMISSION ON COMMERCE AND TRADE (JCCT) LED BY THE DEPARTMENT OF COMMERCE AND THE JOINT ECONOMIC COMMISSION (JEC) LED BY THE TREASURY. WE HAVE ALSO SPENT A GREAT DEAL OF TIME LAST YEAR AND THIS YEAR DISCUSSING MARKET ACCESS PROBLEMS AT MEETINGS ON CHINA'S APPLICATION FOR GATT MEMBERSHIP. AS FOLLOW-UP TO THE OMNIBUS TRADE ACT PROVISIONS ON UNFAIR TRADE PRACTICES, WE HELD (APRIL 6-8 AND MAY 18) PRODUCTIVE DISCUSSIONS WITH THE CHINESE ON IMPROVING THEIR REGIME FOR PROTECTING INTELLECTUAL PROPERTY RIGHTS (IPR). WE ARE BEGINNING TO SEE AN INCREASED RECOGNITION AMONG CHINESE AUTHORITIES THAT THEY MUST TAKE ACTION TO RESOLVE THESE COMMERCIAL PROBLEMS.

DEPARTMENT OF STATE

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IS/FPC/CDR RRS Date 3-15-94

MR Cases Only:  
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TS authorit, \_\_\_\_\_  
(  ) CLASSIFY as (  ) S or (  ) C OADR  
(  ) DOWNGRADE TS to (  ) S or (  ) C OADR

WHILE SIGNIFICANT BARRIERS TO TRADE REMAIN IN CHINA, THERE IS NO QUESTION THAT THE PAST TEN YEARS OF ECONOMIC LIBERALIZATION AND OPENING TO THE WEST HAVE PROVIDED US COMPANIES WITH IMPORTANT NEW TRADE AND INVESTMENT OPPORTUNITIES. WE ARE TRYING TO WORK WITH THE CHINESE AUTHORITIES IN A CONSTRUCTIVE WAY TO EXPAND THESE OPPORTUNITIES. FINALLY, LET ME SAY THAT OBSTACLES TO EXPORTING TO CHINA RESULT NOT ONLY FROM TRADE BARRIERS. US FIRMS ARE AT A SERIOUS DISADVANTAGE VIS-A-VIS THEIR EUROPEAN AND JAPANESE COMPETITORS BECAUSE WE CANNOT OFFER THE VOLUME OF CONCESSIONAL TRADE FINANCING WHICH THEY DO.